



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 10/05/2005 (Per: DAK)



☞ The 2005 drafting file for LRB 05-3657/1

has been copied/added to the 2005 drafting file for

LRB 05-3796

☞ The attached 2005 draft was incorporated into the new 2005 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied, and added, as a appendix, to the new 2005 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

☞ This cover sheet was added to rear of the original 2005 drafting file. The drafting file was then returned, intact, to its folder and filed.

2005 DRAFTING REQUEST

Bill

Received: 09/14/2005

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Marlin Schneider (608) 266-0215

By/Representing: cynthia

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters: jkreye

Subject: Tax, Other - alcohol and tobacco
Health - medical assistance

Extra Copies:

Submit via email: YES

Requester's email: Rep.Schneider@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us
robin.ryan@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Increase cigarette tax to fund certain MA, BadgerCare, and Senior Care budget shortfalls

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 09/19/2005 dkennedy 09/19/2005	csicilia 09/19/2005		_____ _____ _____ _____			State
/1			pgreensl 09/19/2005	_____ _____	lnorthro 09/19/2005	mbarman 09/20/2005	State

2005 DRAFTING REQUEST

Bill

Received: **09/14/2005**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Marlin Schneider (608) 266-0215**

By/Representing: **cynthia**

This file may be shown to any legislator: **NO**

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Tax, Other - alcohol and tobacco
Health - medical assistance**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Schneider@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us
robin.ryan@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Increase cigarette tax to fund certain MA, BadgerCare, and Senior Care budget shortfalls

Instructions:

See Attached

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/P1	jkreye 09/19/2005 dkennedy 09/19/2005	csicilia 09/19/2005		_____ _____ _____ _____			State
/1			pgreensl 09/19/2005	_____ _____	Inorthro 09/19/2005		State

LRB-3657

09/19/2005 04:01:24 PM

Page 2

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **09/14/2005**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Marlin Schneider (608) 266-0215**

By/Representing: **cynthia**

This file may be shown to any legislator: **NO**

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Tax, Other - alcohol and tobacco
Health - medical assistance**

Extra Copies:

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Increase cigarette tax to fund certain MA, BadgerCare, and Senior Care budget shortfalls

Instructions:

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/P1	jkreye 09/19/2005 dkennedy	1 js 9/19 05	9/19 19	9/19 19			State
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FE Sent For:

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9-14-05

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Rep. Krueger 444-7072 re 6-0215

15 cent tax on eggs to fund certain
shortfalls

→ Bob Lang has the info

spoke with Faith Russell - 9-15

talk to Bob Lang or Archie about the other info

— tax would be 17 cents

— 12-1-2005

9/19 change tax to 20¢



STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

9/19/05

\$95.1 million over
2005-07

From Charlie Morgan

- ① Provide funding to restore funding C4, C8, C9,

C14

NOTE: This is total; must
be broken down for 20.435 (4)(b),
(bc) + (bv) - attached veto
summary

Nursing home	5,141,700	10,118,000
Pharm reimb. rates	3,921,300	6,802,000
Pharm	1,319,800	1,880,500
Outpt hosp reimb rate	2,500,000	2,500,000

\$12,882,800

20,518,500

- ② Increase (4)(b) 500,000

1,000,000

to fund projected caseload increases that
may be needed for Katrina evacuees

- ③ MA trust fund shortfall - resulting from partial

2005-06 46,409,100

vetoes - NH bid

13,800,000

assmt to trust fund +
reduced revenue transferred

to MA trust fund

Transfer from general
fund to MA trust fund

from transportation fund



for ongoing MA expenditures (This amount is \$32,609,100 less than the amount that would have been transferred from the transportation fund to the MA trust fund in 2005-06 under another provision of Enrolled AB 100 – this provision was vetoed by the Governor – see Item B-35). The Governor also indicated that in connection with this veto he is further requesting that the Secretary of Administration transfer any net proceeds realized from the sale of unneeded state-owned properties that are in excess of \$36,000,000 to the budget stabilization fund.

[Act 25 Vetoed Sections: 9255(1)(b)&(2)]

ITEM C-3. NURSING HOME BED ASSESSMENT – GPR-EARNED REVENUES

Chg to Enr AB 100	
GPR-REV	\$27,600,000
SEG-REV	-\$27,600,000

As passed by the Legislature, Assembly Bill 100 would have specified that, beginning in 2005-06, all revenue DHFS collects from the nursing home bed assessment be deposited to the MA trust fund. To reflect the availability of additional revenue to the MA trust fund (and a corresponding reduction of revenue to the general fund), the bill reduced MA benefits funding by \$13,800,000 GPR annually and increased MA benefits funding by \$13,800,000 SEG annually from the MA trust fund. Previously, the statutes required that all of the assessment revenue be deposited to the MA trust fund, except that the following amounts would have been deposited to the general fund (commonly referred to as “GPR-earned revenues”): (a) in 2004-05, \$13,800,000; and (b) in 2005-06 and each year thereafter, 45% of the total revenue collected from the nursing home assessment. The MA trust fund supports a portion of the state costs of MA benefits.

By retaining the current reference to “\$13,800,000” and “in each fiscal year,” the Governor’s partial veto specifies that, in each year, \$13,800,000 of the revenue collected from the nursing home bed assessment will be deposited to the general fund, and the rest of the revenue from the nursing home bed assessment will be deposited to the MA trust fund. Compared to Enrolled AB 100, the Governor’s partial veto reduces revenue to the MA trust fund by \$13,800,000 annually and increases revenue to the general fund by corresponding amounts.

[Act 25 Vetoed Sections: 537, 1222m, and 1223]

ITEM C-4. NURSING HOME RATE INCREASE

Chg to Enr AB 100	
GPR	-\$15,259,700
FED	-20,723,800
Total	-\$35,983,500

As passed by the Legislature, Assembly Bill 100 would have provided \$12,189,100 (\$5,141,700 GPR and \$7,047,400 FED) in 2005-06 and \$23,794,400 (\$10,118,000 GPR and \$13,676,400 FED) in 2006-07 to increase MA rates to nursing homes by approximately 1.4% in 2005-06 and by an additional 1.4% in 2006-07. *By deleting the 2005-06 and 2006-07 GPR appropriation amounts for MA benefits (\$1,371,322,900 in 2005-06 and \$1,732,997,800 in 2006-07) and writing in lower totals (\$1,360,797,800 in 2005-06 and \$1,716,083,000 in 2006-07), the Governor’s partial veto deletes the GPR funding Enrolled AB*

100 would have provided for nursing home rate increases (\$5,141,700 GPR in 2005-06 and \$10,118,000 GPR) and several other items. In his veto message, the Governor indicates that he is requesting that the Department of Administration Secretary not allot the vetoed GPR funds. Consequently, estimated federal MA matching funds are reduced by \$7,047,400 in 2005-06 and by \$13,676,400 in 2006-07.

[Act 25 Vetoed Section: 140 (as it relates to s. 20.435(4)(b))]

ITEM C-5. COMMUNITY RELOCATIONS INITIATIVE

As passed by the Legislature, Assembly Bill 100 included provisions that authorize DHFS to pay enhanced rates to counties to support services under the community integration program (CIP II) for individuals who are relocated from nursing homes, provided that the number of individuals relocated under these provisions does not exceed the number of nursing home beds that are delicensed as part of plans submitted by nursing homes and approved by DHFS. The bill reduces MA benefits funding by \$1,950,700 (-\$822,800 GPR and -\$1,127,900 FED) in 2005-06 and by \$9,016,000 (-\$3,840,800 GPR and -\$5,175,200 FED) in 2006-07 to reflect net savings that are projected to occur once this initiative is implemented.

As part of these provisions, Assembly Bill 100 would have specified that all CIP II relocation funding provided under this initiative could only be used to support MA-eligible individuals who resided in a nursing home for at least 100 days. In addition, the bill would have required DHFS to submit a report to the Joint Committee on Finance by January 1, 2007, that identifies: (a) the administrative, housing, and services expenditures associated with any relocations, including the average individual expenditures and the collective expenditures; (b) the nature and duration of the community placements; (c) the impact of the relocations on resident health and safety, utilization of MA-allowable services, and the costs of providing MA services per person; and (d) the savings generated as a result of the CIP II relocations initiative, including the average savings generated per relocation and the savings generated in total. This report would have included information collected through at least June 30, 2006.

The Governor's partial veto deletes the provisions that would have: (a) limited participation in the program to individuals who have resided in nursing homes for at least 100 days; and (b) required DHFS to submit a report to the Joint Committee on Finance that includes specified information on the initiative.

[Act 25 Vetoed Sections: 869 and 9121(12r)]

ITEM C-6. FUNCTIONAL SCREEN

As passed by the Legislature, AB 100 would have prohibited DHFS from using the long-term care functional screen to determine levels of care for nursing home residents and to set MA

reimbursement rates for nursing homes. DHFS developed this instrument to assist counties that participate in Family Care to determine level of care needs among Family Care participants and functional eligibility for elderly individuals and adults with physical and developmental disabilities. In December, 2003, DHFS indicated that all counties would be required to begin to use the long-term care functional screen by the end of calendar year 2004 and that, beginning in 2005, counties would be required to use the long-term care functional screen to determine functional eligibility for the MA home- and community-based waiver and community options programs.

The Governor's partial veto deletes this provision. In his veto message, the Governor indicates that DHFS will initially use the federal minimum data set for level of care determinations, rather than the functional screen.

[Act 25 Vetoe Sections: 1132f and 1217r]

ITEM C-7. NURSING HOME REIMBURSEMENT RATES

As passed by the Legislature, AB 100 directed DHFS to develop and acuity-based payment rate system that: (a) incorporates acuity measurements under the most recent Resource Utilization Group III (RUGS III) resident classification methodology to determine factors for case-mix adjustment; (b) determines the average case-mix index, as described above, for each MA-supported nursing facility four times per year for residents who are primarily supported by MA on the last day of each calendar quarter; (c) incorporates payment adjustments for dementia, behavioral needs, or other complex medical conditions; and (d) may include incentives for providing high quality of care. In addition, the bill would have required that the system identify the extent to which the MA program pays facilities for facilities' direct care nursing costs that are allowable under MA. *The Governor's partial veto deletes the provision that would have required that the system identify the extent to which the MA program pays facilities' direct care nursing costs that are allowable under MA.*

[Act 25 Vetoe Section: 1128m]

ITEM C-8. PHARMACY REIMBURSEMENT -- RATES FOR BRAND NAME PRESCRIPTION DRUGS

As passed by the Legislature, Assembly Bill 100 would have maintained the maximum reimbursement rate the state pays for brand name and non-readily available generic drugs purchased under the MA, BadgerCare and SeniorCare programs at the current rate of the average wholesale price (AWP) minus 13%.

Chg to Enr AB 100	
GPR	- \$9,941,300
FED	- 12,839,800
Total	- \$22,781,100

The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$3,921,300 in 2005-06, by: (a) deleting the amount in the MA GPR benefits appropriation (\$1,371,322,900) and writing in a lower amount (\$1,360,797,800) to reflect several

MA-related partial vetoes, including this one (-\$2,270,300); (b) deleting the amount in the BadgerCare benefits appropriation (\$62,731,000) and writing in a lower amount (\$62,439,100) to reflect several BadgerCare-related partial vetoes, including this one (-\$234,100); and (c) deleting the amount in the SeniorCare benefits appropriation (\$54,156,700) and writing in a lower amount (\$52,090,900) to reflect several SeniorCare-related vetoes, including this one (-\$1,416,900). The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$6,020,000 in 2006-07, by: (a) deleting the amount in the MA GPR benefits appropriation (\$1,732,997,800) and writing in a lower amount (\$1,716,083,000) to reflect several MA-related partial vetoes, including this one (-\$3,430,900); (b) deleting the amount in the BadgerCare benefits appropriation (\$78,606,600) and writing in a lower amount (\$78,131,000) to reflect several BadgerCare-related partial vetoes, including this one (-\$386,400); and (c) deleting the amount in the SeniorCare benefits appropriation (\$60,688,800) and writing in a lower amount (\$57,560,700) to reflect several SeniorCare-related vetoes, including this one (-\$2,202,700).

In his veto message, the Governor indicates that these funding reductions reflect his intent to establish a reimbursement rate of AWP minus 16% for the 2005-07 biennium and requests the DOA Secretary not to allot these funds. This partial veto would reduce estimated federal matching funds in 2005-06 by: (a) \$3,111,800 for MA; (b) \$558,900 for BadgerCare; and (c) \$1,416,900 for SeniorCare, and reduce estimated federal matching funds in 2006-07 by: (a) \$4,637,500 for MA; (b) \$912,000 for BadgerCare; and (c) \$2,202,700 for SeniorCare.

In his veto message, the Governor also directs the Secretary of the Department of Health and Family Services to develop a new reimbursement system, as an alternative to the AWP methodology, for consideration in the 2007-09 biennium.

[Act 25 Vetoes Section: 140 (as it relates to s. 20.435(4)(b),(bc)&(bv))]

ITEM C-9. PHARMACY REIMBURSEMENT – DISPENSING FEES

As passed by the Legislature, Assembly Bill 100 would have maintained the dispensing fee the state pays for drugs dispensed by pharmacies under the MA, BadgerCare, and SeniorCare programs at the current rate of \$4.38 per prescription.

Chg to Enr AB 100	
GPR	- \$3,200,300
FED	- 3,933,200
Total	- \$7,133,800

The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$1,319,800 in 2005-06, by: (a) deleting the amount in the MA GPR benefits appropriation (\$1,371,322,900) and writing in a lower amount (\$1,360,797,800) to reflect several MA-related partial vetoes, including this one (-\$613,100); (b) deleting the amount in the BadgerCare benefits appropriation (\$62,731,000) and writing in a lower amount (\$62,439,100) to reflect several BadgerCare-related partial vetoes, including this one (-\$57,800); and (c) deleting the amount in the SeniorCare benefits appropriation (\$54,156,700) and writing in a lower amount (\$52,090,900) to reflect several SeniorCare-related vetoes, including this one (-\$648,900). The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$1,880,500 in 2006-07, by: (a) deleting the amount in the MA GPR benefits appropriation

(\$1,732,997,800) and writing in a lower amount (\$1,716,083,000) to reflect several MA-related partial vetoes, including this one (-\$865,900); (b) deleting the amount in the BadgerCare benefits appropriation (\$78,606,600) and writing in a lower amount (\$78,131,000) to reflect several BadgerCare-related partial vetoes, including this one (-\$89,200); and (c) deleting the amount in the SeniorCare benefits appropriation (\$60,688,800) and writing in a lower amount (\$57,560,700) to reflect several SeniorCare-related vetoes, including this one (-\$925,400).

In his veto message, the Governor indicates that these funding reductions reflect his intent to decrease the dispensing fee by \$0.50 to \$3.88 per prescription for the 2005-07 biennium and requests the DOA Secretary not to allot these funds. This partial veto would reduce estimated federal matching funds in 2005-06 by: (a) \$840,000 for MA; (b) \$138,000 for BadgerCare; and (c) \$648,900 for SeniorCare, and reduce estimated federal matching funds in 2006-07 by: (a) \$1,170,400 for MA; (b) \$210,500 for BadgerCare; and (c) \$925,400 for SeniorCare.

[Act 25 Vetoed Section: 140 (as it relates to s. 20.435(4)(b),(bc)&(bv))]

ITEM C-10. PROHIBITION AGAINST LIMITATIONS ON REIMBURSEMENT FOR PSYCHOTROPIC MEDICATIONS

As passed by the Legislature, Assembly Bill 100 would have prohibited DHFS from placing any new limitations on reimbursement for psychotropic medications, other than selective serotonin reuptake inhibitors and stimulants and related agents, that are prescribed to treat mental illness, under the state's MA, BadgerCare and SeniorCare programs in the 2005-07 biennium. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoed Section: 9121(14k)]

ITEM C-11. REPORT ON PHYSICIAN PRESCRIBING PRACTICES

As passed by the Legislature, Assembly Bill 100 would have required DHFS to prepare a report on the prescriptions physicians wrote for MA and BadgerCare recipients in 2004-05. The report would have included, for each physician: (a) the percentage of the prescriptions each physician wrote for generic drugs and the percentage written for nongeneric drugs; (b) the number of prescriptions each physician wrote that required prior authorization, and the percentage these prescriptions represented of the total number of prescriptions each physician wrote; and (c) of the prescriptions written for drugs for which a generic drug was available, the number and percentage that specified a nongeneric drug. DHFS would have been required to submit the report by January 1, 2006, to the Joint Committee on Finance and the appropriate standing committees of the Legislature. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoed Section: 9121(14p)]

ITEM C-12. REPORT ON CAPPING THE NUMBER OF BRAND NAME PRESCRIPTION DRUGS

As passed by the Legislature, Assembly Bill 100 would have required DHFS to submit a report to the Joint Committee on Finance and the appropriate legislative standing committees by July 1, 2006, which would have: (a) identified the potential savings to the MA, BadgerCare, and SeniorCare programs of limiting the number of brand name prescription drugs recipients could receive in any month to five, after which any additional brand name prescription drugs would be subject to prior authorization procedures; and (b) identified costs DHFS and providers would incur if such a proposal were implemented. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoes Section: 9121(13n)]

ITEM C-13. GENERIC DRUG COPAYMENTS

As passed by the Legislature, Assembly Bill 100 would have increased, from \$1 to \$3, the copayment for generic drugs dispensed to MA and BadgerCare recipients, effective October 1, 2005. The bill reduced MA benefits funding by \$1,807,600 (-\$762,500 GPR and -\$1,045,100 FED) in 2005-06 and \$2,530,600 (-\$1,076,100 GPR and -\$1,454,500 FED) in 2006-07 to reflect this change.

The Governor's partial veto deletes the provision to increase, from \$1 to \$3, the copayment for generic drugs dispensed to MA and BadgerCare recipients. Because the Governor's partial veto does not restore MA benefits funding that was deleted to reflect the estimated savings of increasing the copayment, this partial veto results in MA projected costs exceeding the amounts budgeted for the program.

[Act 25 Vetoes Sections: 1144p, 1184c, 9321(9w), and 9421(11w)]

ITEM C-14. OUTPATIENT HOSPITAL REIMBURSEMENT RATES

As passed by the Legislature, Assembly Bill 100 would have increased MA benefits funding by \$5,926,600 (\$2,500,000 GPR and \$3,426,600 FED) in 2005-06 and \$5,879,200 (\$2,500,000 GPR and \$3,379,200 FED) in 2006-07, to fund an across-the-board rate increase for outpatient hospital services, beginning in 2005-06.

Chg to Enr AB 100	
GPR	-\$5,000,000
FED	- 6,805,800
Total	-\$11,805,800

By deleting the 2005-06 and 2006-07 GPR appropriation amounts for MA benefits (\$1,371,322,900 in 2005-06 and \$1,732,997,800 in 2006-07) and writing in lower amounts (\$1,360,797,800 in 2005-06 and \$1,716,083,000 in 2006-07), the Governor's partial veto deletes the \$2,500,000 in annual GPR funding that Enrolled AB 100 would have provided under this provision. In his veto message, the Governor indicates that he is requesting that the Department

of Administration Secretary not allot the vetoed GPR funds. Consequently, federal matching funds will be reduced by \$3,426,600 in 2005-06 and \$3,379,200 in 2006-07.

[Act 25 Vetoed Section: 140 (as it relates to s. 20.435(4)(b))]

ITEM C-15. ESSENTIAL ACCESS CITY HOSPITAL (EACH) PAYMENTS

As passed by the Legislature, Assembly Bill 100 would have permitted more than one hospital to qualify for an EACH supplement after July 1, 2007. The bill would have required DHFS to establish criteria, effective July 1, 2007, for designation as an EACH. DHFS would have been prohibited from establishing criteria that include reference to criteria that hospitals were required to have met during July 1, 1995, to June 30, 1996. Further, DHFS would have been directed to include in its criteria, the requirements that: (a) more than 30% of a hospital's total inpatient days are reimbursable under MA; and (b) no hospital that qualifies for a MA pediatric inpatient supplement is eligible for an EACH payment. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoed Sections: 1135c, 1135d, and 1135e]

ITEM C-16. BARIATRIC SURGERY PROHIBITION

As passed by the Legislature, Assembly Bill 100 would have prohibited the MA and BadgerCare programs from paying for gastric bypass surgery or gastric stapling surgery unless the procedure was required to be covered under federal MA law, as interpreted by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. The bill reduced MA benefits funding by \$904,600 (-\$381,600 GPR and -\$523,000 FED) and \$904,600 (-\$384,700 GPR and -\$519,900 FED) to reflect projected savings that would occur as a result of this provision. Under current law, the MA and BadgerCare programs may only pay for these procedures if they are performed because of a medical emergency.

The Governor's partial veto deletes this provision. Because the Governor's partial veto does not restore the MA benefits funding that was deleted as part of this item, this partial veto results in MA projected costs exceeding the amounts budgeted for the program.

[Act 25 Vetoed Sections: 1146j, 1157j, and 9321(9q)]

ITEM C-17. ACTUARIAL SOUNDNESS OF HEALTH MAINTENANCE ORGANIZATION REIMBURSEMENT RATES

As passed by the Legislature, Assembly Bill 100 would have required the MA and BadgerCare programs to pay HMOs that serve MA or BadgerCare recipients actuarially sound capitation rates. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoed Section: 1124g]



TODAY, by 4:30
State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-3657/P1
DAK JK:.....

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

js

SAW

Medical Assistance

ger cat

- 1 AN ACT ... relating to: increasing the rate of the tax imposed on cigarettes;
2 increasing the Medical Assistance nursing home ~~pharmacy drug, pharmacy~~
3 ~~dispensing fee~~ and hospital outpatient reimbursement rates; increasing
4 Medical Assistance reimbursement for projected caseload increases;
5 transferring moneys to the Medical Assistance trust fund; increasing the
6 BadgerCare and Senior Care pharmacy drug and pharmacy dispensing fees
7 ~~reimbursement rates~~; and making appropriations.

reimbursement rates

Analysis by the Legislative Reference Bureau

Under current law, the rate of the tax imposed on cigarettes is 77 cents per pack. Under this bill, the rate of the tax imposed on cigarettes is ~~84~~ cents per pack. 97

Currently, as affected by 2005 Wisconsin Act 25 (the biennial budget act), nursing homes that provide services to recipients of Medical Assistance (MA) receive reimbursement, under a formula, from state general purpose revenues, certain program revenues, the MA trust fund, and federal Medicaid moneys. This bill increases the state general purpose revenue appropriation by \$5,141,700 for fiscal year 2005-06 and by \$10,118,000 for fiscal year 2006-07 to provide a 1.4 percent increase in each fiscal year to the nursing home MA reimbursement rate.

Currently, as affected by the biennial budget act, the rate of reimbursement paid for brand name and certain generic drugs purchased under MA, BadgerCare,

and Senior Care is the average wholesale price (AWP) minus 16 percent. This bill increases the reimbursement rate for these drugs for MA, BadgerCare, and Senior Care to AWP minus 13 percent, by increasing the general purpose revenues appropriations for these programs by a total of \$3,921,300 for fiscal year 2005-06 and by a total of \$6,020,000 for fiscal year 2006-07.

Currently, as affected by the biennial budget act, the dispensing fee paid for drugs dispensed by pharmacies under MA, BadgerCare, and Senior Care is \$3.88 per prescription. This bill increases the drug dispensing fee to \$4.38 per prescription for drugs dispensed under MA, BadgerCare, and Senior Care, by increasing the general purpose revenues for these programs by a total of \$1,319,800 in fiscal year 2005-06 and by a total of \$1,880,500 in fiscal year 2006-07.

Currently, as affected by the biennial budget act, hospitals are reimbursed for providing outpatient services to MA recipients. This bill increases the MA general purpose revenues appropriation by \$2,500,000 in each year of the fiscal biennium, to provide an across-the-board rate increase for MA outpatient hospital services, beginning in ~~2005-06~~ ^{the} ~~fiscal year~~.

This bill increases the MA general purpose appropriation by \$500,000 in fiscal year 2005-06 and by \$1,000,000 in fiscal year 2006-07 to fund projected case load increases.

Lastly, the bill transfers \$46,409,100 for fiscal year 2005-06 and \$13,800,000 for fiscal year 2006-07 from the general fund to the MA trust fund, to provide reimbursement for MA services.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 139.31 (1) (a) of the statutes is amended to read:

2 139.31 (1) (a) On cigarettes weighing not more than 3 pounds per thousand,

3 ~~38.5~~ ^{48.5} mills on each cigarette.

History: 1971 c. 125; 1981 c. 20, 317, 390; 1983 a. 2, 27; 1985 a. 29; 1987 a. 27; 1991 a. 269; 1995 a. 27; 1997 a. 27; 2001 a. 16; 2005 a. 22.

4 **SECTION 2.** 139.31 (1) (b) of the statutes is amended to read:

5 139.31 (1) (b) On cigarettes weighing more than 3 pounds per thousand, ~~77~~ ⁹⁷

6 mills on each cigarette.

History: 1971 c. 125; 1981 c. 20, 317, 390; 1983 a. 2, 27; 1985 a. 29; 1987 a. 27; 1991 a. 269; 1995 a. 27; 1997 a. 27; 2001 a. 16; 2005 a. 22.

7 **SECTION 9221. Appropriation changes; health and family services.**

1 (1) NURSING HOME MEDICAL ASSISTANCE REIMBURSEMENT RATE. In the schedule
2 under section 20.005 (3) of the statutes for the appropriation to the department of
3 health and family services under section 20.435 (4) (b) of the statutes, as affected by
4 the acts of 2005, the dollar amount is increased by \$5,141,700 for fiscal year 2005-06
5 and the dollar amount is increased by \$10,118,000 for fiscal year 2006-07 to increase
6 funding for Medical Assistance reimbursement to facilities under section 49.45 (6m)
7 of the statutes.

8 (2) MEDICAL ASSISTANCE PHARMACY DRUG REIMBURSEMENT RATE. In the schedule
9 under section 20.005 (3) of the statutes for the appropriation to the department of
10 health and family services under section 20.435 (4) (b) of the statutes, as affected by
11 the acts of 2005, the dollar amount is increased by \$2,270,300 for fiscal year 2005-06
12 and the dollar amount is increased by \$3,430,900 for fiscal year 2006-07 to increase
13 the reimbursement rate for drugs purchased under Medical Assistance to the
14 average wholesale price minus 13 percent.

15 (3) BADGERCARE PHARMACY DRUG REIMBURSEMENT RATE. In the schedule under
16 section 20.005 (3) of the statutes for the appropriation to the department of health
17 and family services under section 20.435 (4) (bc) of the statutes, as affected by the
18 acts of 2005, the dollar amount is increased by \$234,100 for fiscal year 2005-06 and
19 the dollar amount is increased by \$386,400 for fiscal year 2006-07 to increase the
20 reimbursement rate for drugs purchased under BadgerCare to the average
21 wholesale price minus 13 percent.

22 (4) SENIOR CARE PHARMACY DRUG REIMBURSEMENT RATE. In the schedule under
23 section 20.005 (3) of the statutes for the appropriation to the department of health
24 and family services under section 20.435 (4) (bv) of the statutes, as affected by the
25 acts of 2005, the dollar amount is increased by \$1,416,900 for fiscal year 2005-06 and

1 the dollar amount is increased by \$2,202,700 for fiscal year 2006-07 to increase the
2 reimbursement rate for drugs purchased under Senior Care to the average wholesale
3 price minus 13 percent.

4 (5) MEDICAL ASSISTANCE PHARMACY DISPENSING FEE RATE. In the schedule under
5 section 20.005 (3) of the statutes for the appropriation to the department of health
6 and family services under section 20.435 (4) (b) of the statutes, as affected by the acts
7 of 2005, the dollar amount is increased by \$613,100 for fiscal year 2005-06 and the
8 dollar amount is increased by \$865,900 for fiscal year 2006-07 to increase the
9 dispensing fee for drugs dispensed under Medical Assistance to \$4.38 per
10 prescription.

11 (6) BADGERCARE PHARMACY DISPENSING FEE RATE. In the schedule under section
12 20.005 (3) of the statutes for the appropriation to the department of health and family
13 services under section 20.435 (4) (bc) of the statutes, as affected by the acts of 2005,
14 the dollar amount is increased by \$57,800 for fiscal year 2005-06 and the dollar
15 amount is increased by \$89,200 for fiscal year 2006-07 to increase the dispensing fee
16 for drugs dispensed under BadgerCare to \$4.38 per prescription.

17 (7) SENIOR CARE PHARMACY DISPENSING FEE RATE. In the schedule under section
18 20.005 (3) of the statutes for the appropriation to the department of health and family
19 services under section 20.435 (4) (bv) of the statutes, as affected by the acts of 2005,
20 the dollar amount is increased by \$648,900 for fiscal year 2005-06 and the dollar
21 amount is increased by \$925,400 for fiscal year 2006-07 to increase the dispensing
22 fee for drugs dispensed under Senior Care to \$4.38 per prescription.

23 (8) MEDICAL ASSISTANCE HOSPITAL OUTPATIENT SERVICES. In the schedule under
24 section 20.005 (3) of the statutes for the appropriation to the department of health
25 and family services under section 20.435 (4) (b) of the statutes, as affected by the acts

1 of 2005, the dollar amount is increased by \$2,500,000 for fiscal year 2005-06 and the
2 dollar amount is increased by \$2,500,000 for fiscal year 2006-07 to increase the
3 reimbursement rate for Medial Assistance outpatient hospital services. ✓

4 (9) MEDICAL ASSISTANCE CASELOAD INCREASES. In the schedule under section
5 20.005 (3) of the statutes for the appropriation to the department of health and family
6 services under section 20.435 (4) (b) of the statutes, as affected by the acts of 2005,
7 the dollar amount is increased by \$500,000 for fiscal year 2005-06 and the dollar
8 amount is increased by \$1,000,000 for fiscal year 2006-07 to fund projected Medical
9 Assistance recipient caseload increases. ✓

10 (10) GENERAL FUND TRANSFER. There is transferred from the general fund to the
11 Medical Assistance trust fund \$46,409,100 in fiscal year 2005-06 and \$13,800,000
12 in fiscal year 2006-07.

13 **SECTION 3. Effective date.**

14 (1) CIGARETTE TAX. The treatment of section 139.31 (1) (a) and (b) of the statutes
15 takes effect on December 1, 2005.

16 (END)

LPS fix effective
date as shown.
use components
NS: effdateE
and NS: effdate

or on
the day
after publication
whenever is later

after publication, except
as follows:

Northrop, Lori

From: Schneider, Marlin
Sent: Monday, September 19, 2005 4:05 PM
To: LRB.Legal
Subject: Draft review: LRB 05-3657/1 Topic: Increase cigarette tax to fund certain MA, BadgerCare, and Senior Care budget shortfalls

It has been requested by <Schneider, Marlin> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-3657/1 Topic: Increase cigarette tax to fund certain MA, BadgerCare, and Senior Care budget shortfalls



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-3657/1
DAK&JK:cjs:pg

2005 BILL

1 **AN ACT** *to amend* 139.31 (1) (a) and 139.31 (1) (b) of the statutes; **relating to:**
2 increasing the rate of the tax imposed on cigarettes; increasing the Medical
3 Assistance nursing home and hospital outpatient reimbursement rates;
4 increasing Medical Assistance reimbursement for projected caseload increases;
5 transferring moneys to the Medical Assistance trust fund; increasing the
6 Medical Assistance, BadgerCare, and Senior Care pharmacy drug
7 reimbursement rates and pharmacy dispensing fees; and making
8 appropriations.

Analysis by the Legislative Reference Bureau

Under current law, the rate of the tax imposed on cigarettes is 77 cents per pack. Under this bill, the rate of the tax imposed on cigarettes is 97 cents per pack.

Currently, as affected by 2005 Wisconsin Act 25 (the biennial budget act), nursing homes that provide services to recipients of Medical Assistance (MA) receive reimbursement, under a formula, from state general purpose revenues, certain program revenues, the MA trust fund, and federal Medicaid moneys. This bill increases the state general purpose revenue appropriation by \$5,141,700 for fiscal year 2005-06 and by \$10,118,000 for fiscal year 2006-07 to provide a 1.4 percent increase in each fiscal year to the nursing home MA reimbursement rate.

BILL

Currently, as affected by the biennial budget act, the rate of reimbursement paid for brand name and certain generic drugs purchased under MA, BadgerCare, and Senior Care is the average wholesale price (AWP) minus 16 percent. This bill increases the reimbursement rate for these drugs for MA, BadgerCare, and Senior Care to AWP minus 13 percent, by increasing the general purpose revenues appropriations for these programs by a total of \$3,921,300 for fiscal year 2005-06 and by a total of \$6,020,000 for fiscal year 2006-07.

Currently, as affected by the biennial budget act, the dispensing fee paid for drugs dispensed by pharmacies under MA, BadgerCare, and Senior Care is \$3.88 per prescription. This bill increases the drug dispensing fee to \$4.38 per prescription for drugs dispensed under MA, BadgerCare, and Senior Care, by increasing the general purpose revenues for these programs by a total of \$1,319,800 in fiscal year 2005-06 and by a total of \$1,880,500 in fiscal year 2006-07.

Currently, as affected by the biennial budget act, hospitals are reimbursed for providing outpatient services to MA recipients. This bill increases the MA general purpose revenues appropriation by \$2,500,000 in each year of the fiscal biennium to provide an across-the-board rate increase for MA outpatient hospital services, beginning in the 2005-06 fiscal year.

This bill increases the MA general purpose appropriation by \$500,000 in fiscal year 2005-06 and by \$1,000,000 in fiscal year 2006-07 to fund projected case load increases.

Lastly, the bill transfers \$46,409,100 for fiscal year 2005-06 and \$13,800,000 for fiscal year 2006-07 from the general fund to the MA trust fund, to provide reimbursement for MA services.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 139.31 (1) (a) of the statutes is amended to read:

2 139.31 (1) (a) On cigarettes weighing not more than 3 pounds per thousand,
3 ~~38.5~~ 48.5 mills on each cigarette.

4 **SECTION 2.** 139.31 (1) (b) of the statutes is amended to read:

5 139.31 (1) (b) On cigarettes weighing more than 3 pounds per thousand, ~~77~~ 97
6 mills on each cigarette.

7 **SECTION 9221.** Appropriation changes; health and family services.

BILL

1 (1) NURSING HOME MEDICAL ASSISTANCE REIMBURSEMENT RATE. In the schedule
2 under section 20.005 (3) of the statutes for the appropriation to the department of
3 health and family services under section 20.435 (4) (b) of the statutes, as affected by
4 the acts of 2005, the dollar amount is increased by \$5,141,700 for fiscal year 2005-06
5 and the dollar amount is increased by \$10,118,000 for fiscal year 2006-07 to increase
6 funding for Medical Assistance reimbursement to facilities under section 49.45 (6m)
7 of the statutes.

8 (2) MEDICAL ASSISTANCE PHARMACY DRUG REIMBURSEMENT RATE. In the schedule
9 under section 20.005 (3) of the statutes for the appropriation to the department of
10 health and family services under section 20.435 (4) (b) of the statutes, as affected by
11 the acts of 2005, the dollar amount is increased by \$2,270,300 for fiscal year 2005-06
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15 (3) BADGERCARE PHARMACY DRUG REIMBURSEMENT RATE. In the schedule under
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18 acts of 2005, the dollar amount is increased by \$234,100 for fiscal year 2005-06 and
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BILL

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3 price minus 13 percent.

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BILL

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2 dollar amount is increased by \$2,500,000 for fiscal year 2006-07 to increase the
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8 amount is increased by \$1,000,000 for fiscal year 2006-07 to fund projected Medical
9 Assistance recipient caseload increases.

10 (10) GENERAL FUND TRANSFER. There is transferred from the general fund to the
11 Medical Assistance trust fund \$46,409,100 in fiscal year 2005-06 and \$13,800,000
12 in fiscal year 2006-07.

13 **SECTION 3. Effective dates.** This act takes effect on the day after publication,
14 except as follows:

15 (1) CIGARETTE TAX. The treatment of section 139.31 (1) (a) and (b) of the statutes
16 takes effect on December 1, 2005.

17 (END)